

**Disclosures with respect to Compliance to section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular dated June 16, 2015 on ESOP Disclosures as on March 31, 2021**

During the year there was no material change in the ESOS schemes of the Company. The ESOS Schemes are in Compliance with the regulations.

**(A) Relevant disclosures in terms of the ‘Guidance note on accounting for employee share-based payments’ issued by ICAI or any other relevant accounting standards as prescribed from time to time**

Members may refer to the audited financial statement prepared as per Ind AS for the year 2020-21 and refer point no. D, E and F as mentioned below.

**(B) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20**

Diluted EPS on consolidated basis for the year ended March 31, 2021 is Rs. 6.91 and on Standalone basis is Rs. 5.42

**(C) Details related to Employees’ Stock Option Scheme (“ESOS”)**

i) The description including terms and a condition of ESOS is summarized as under:

	<b>Particulars</b>	<b>IIFL Securities Employee Stock Option 2019- Demerger Scheme (“IIFL Demerger Scheme”)</b>	<b>IIFL Securities Limited Employee Stock Option Scheme- 2018 (IIFL ESOS - 2018)</b>
(a)	Date of shareholders’ approval	<p>The Composite Scheme of Arrangement was approved by the shareholders of the Company on December 12, 2018 and NCLT – Mumbai on March 07, 2019.</p> <p>These Options are granted under the IIFL Demerger Scheme pursuant to the Composite Scheme of Arrangement and the IIFL Demerger Scheme was approved by the Nomination and Remuneration Committee, the Board and the Shareholders of the Company. The Options granted are in accordance with the options outstanding as per IIFL Employee Stock Option Scheme</p>	September 30, 2019

		2008 of IIFL Finance Limited (Earlier known as IIFL Holdings Ltd.) as on effective date of Scheme of Arrangement.	
(b)	Total number of options approved under ESOS	9,04,686	8,00,00,000
(c)	Vesting requirements	<p>Options granted under Scheme would vest as per the vesting schedule as determined under various grants made under Employee Stock Option Plan 2008 (ESOP 2008 Scheme) of IIFL Finance Limited and outstanding as on May 31, 2019 subject to minimum one year from the Original Grant Date (defined under IIFL Demerger Scheme).</p> <p>The Committee shall have the power to accelerate the vesting schedule on a case-to-case basis subject to fulfillment of minimum vesting period of one year from the Original Grant date under ESOP 2008 Scheme.</p> <p>If the Vesting period/criteria relatable to the Options Granted under the Scheme is not fulfilled, then such Options shall lapse and be cancelled vis-à-vis the Grantee. These lapsed options will not be available for further grant.</p>	<p>Vesting of the Stock Options may commence after the expiry of a minimum period of 1 (one) year from the date on which the options were granted, and may extend up to such time as may be decided at the discretion of the Committee from the date of grant provided that the vesting period shall not exceed 5 (five) years. The vesting may occur in tranches, and may be subject to such terms and conditions of vesting, as may be stipulated by the Committee, in its sole and exclusive discretion.</p>
(d)	Exercise price or pricing formula	Exercise price shall be equal to the Original Exercise Price as on effective date i.e. May 31, 2019, adjusted to the option swap ratio under the Composite Scheme of Arrangement.	<p>The exercise price of the shares will be the market price of the shares one day prior to the date of the meeting of the Committee wherein the grant of options will be approved.</p> <p>The market price of the stock exchange where there is highest trading volume during the aforesaid period shall be considered.</p> <p>The Committee has a power to</p>

			provide suitable discount or charge premium on such price as arrived above. However, in any case the Exercise price shall not go below the par value of Equity Share of the Company.
(e)	Maximum term of options granted	The maximum Exercise Period for the vested options will be 7 (seven) years from the Original Grant date as defined under IIFL Demerger Scheme. The Options cancelled or lapsed without being Exercised within the Exercise Period will be lapsed permanently.	Exercise Period shall be the time period after vesting within which the eligible employees/ directors shall exercise his right to apply for the Equity Shares against the Stock Options vested pursuant to the Scheme. The Exercise Period shall be decided by the Committee and will not be more than 7 (Seven) years from the date of grant.
(f)	Source of shares (primary, secondary or combination)	Primary	Primary
(g)	Variation in terms of options	None	None

ii. Method used to account for ESOS - Intrinsic or fair value.

Fair value

- iii. Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.

The Company has prepared its financials basis IndAS and calculated the employee compensation cost using fair value options and there is no difference.

iv. Option movement during the year (For each ESOS):

Particulars	IIFL Demerger Scheme	IIFL ESOS – 2018*
Number of options outstanding at the beginning of the period	NIL	8912200
Number of options granted during the year	NIL	1005000

Number of options forfeited/lapsed during the year	36,400	655000
Number of options vested during the year	6600	855757
Number of options exercised during the year	2,000	324262
Number of shares arising as a result of exercise of options	2,000	324262
Money realized by exercise of options (INR), if scheme is implemented directly by the company <b>(Rs in millions)</b>	0.164	10.003
Loan repaid by the Trust during the year from exercise price received	NA	NA
Number of options outstanding at the end of the year	4,45,641	8937938
Number of options exercisable at the end of the year	4,36,841	5,10,550

\* The figures for IIFL ESOS 2018 Scheme is inclusive of the options granted on October 30, 2019 and January 07, 2021

V. (i) Weighted average exercise price of Options outstanding at the end of the year whose:

**(Amount in Rs.)**

Particulars	IIFL Demerger Scheme	IIFL ESOS – 2018
Exercise price equals market price	-	32.89
Exercise price is greater than market price	-	-
Exercise price is less than market price	87.62	-

(ii) Weighted average fair value of Options outstanding at the end of the year whose:

**(Amount in Rs.)**

Particulars	IIFL Demerger Scheme	IIFL ESOS-2018	
		Granted on October 30, 2019	Granted on January 07, 2021
Exercise price equals market price	-	7.21	11.68
Exercise price is greater than market price	-	-	-
Exercise price is less than market price	84.01	-	-

vi. Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -

a) Senior managerial personnel including Key Managerial Personnel

i. Employee Stock Option granted under IIFL Demerger Scheme - NIL

## ii. Employee Stock Option granted under IIFL ESOS Scheme - 2018

Name of the Employee	Designation	Number of options	Grant/exercise price (In Rs.)
Mr. Sandeep Bhardwaj	CEO – Retail Broking	10,00,000	49.00
Ms. Meghal Shah	Company Secretary	5,000	49.00

## b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.

i) Employee Stock Option Granted under IIFL Demerger Scheme- NIL

ii) Employee Stock Option Granted under IIFL ESOS Scheme-2018 - NIL

 c) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. – **Not Applicable**

## vii. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model	<b>Particulars</b>	<b>IIFL Demerger Scheme</b>	<b>IIFL ESOS – 2018</b>
	Share Price	151.97	45.71
	Exercise Price	63.96	49.00
	Risk-free rate of return	6.86%	5.91%
	Dividend yield	1.25%	3.93%
	Time to maturity	2.65	5.00
	Expected Volatility	41.9%	41.86%
	Share Price	Average of the weekly high and low of Volume Weighted Average Price of shares during the trading history of the stock.	
	Exercise Price	As decided by the Committee of the Board	
	Risk-free rate of return	Zero coupon yield curve	
	Dividend yield	Average of the last three years yield	

		Time to maturity	Expected life has been calculated as an average of the minimum and maximum life of the options
		Expected Volatility	Annual volatility has been calculated as an average of the daily volatility of the listed companies from the peer group for a period commensurate with the remaining time to maturity of the option
(b)	the method used and the assumptions made to incorporate the effects of expected early exercise.	Expected life has been calculated as an average of the minimum and maximum life of the options. No further assumptions on early exercises have been used.	
(c)	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Expected Volatility has been calculated based on the historical volatility of the identified peer group company.	
(d)	whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	None.	

**(D) For share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the entity may instead disclose the weighted average share price during the period.**

Dates of exercise during the year	Number of shares Allotted	Range of Exercise price (in Rs)	weighted average share price at the date of exercise	Scheme
December 05, 2020	324262	30.85	30.85	IIFL ESOS Scheme – 2018
December 05, 2020	2000	82.02	82.02	IIFL Demerger Scheme

- (E) For share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

Date of Grant	No of options granted	Grant /Exercise Price	Outstanding as on 31.03.2020	Remaining Contractual Life
August 08, 2019	34700	25.78	Nil	Nil
August 08, 2019	14500	31.05	Nil	Nil
August 08, 2019	350000	26.47	Nil	Nil
August 08, 2019	25000	61.4	25000	1.35
August 08, 2019	5200	82.73	5200	1.92
August 08, 2019	450286	82.02	431841	2.94
August 08, 2019	25000	218.71	22000	4.08
October 30, 2019	9000000	30.85	8912200	6.58
January 07, 2021	1005000	49	1005000	5.72

- (F) Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

The diluted EPS is calculated as per the fair value as required under IndAS 102 and the same is shown in the annual financial statements of the Company for the year ended March 31, 2021.